

## Message Text

LIMITED OFFICIAL USE

PAGE 01 ISLAMA 00367 130654Z

13-12

ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 XMB-02 EB-07 /020 W

----- 069940

R 121130Z JAN 76

FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 3614

INFO AMCONSUL KARACHI

AMCONSUL LAHORE

LIMITED OFFICIAL USE ISLAMABAD 0367

PASS EXIMBANK AND COMMERCE

E.O. 11652: N/A

TAGS: BEXP, PK

SUBJECT: PRODUCT OPPORTUNITY: MATERIALS HANDLING

EQUIPMENT FOR KARACHI STEEL MILL

REF: 75 KARACHI 2362,

BEGIN SUMMARY. ACCORDING PAKISTANI AGENT FOR LINKBELT DIVISION OF FMC CORPORATION, LINKBELT HAS EXCELLENT CHANCE LAND \$20 MILLION ORDER FROM GOP FOR PORT BULK HANDLING AND CONVEYOR BELT SYSTEM TO SUPPLY KARACHI STEEL MILL IF FINANCING CAN BE ARRANGED. CHASE MANHATTAN HAS ALLEGEDLY INFORMED LINKBELT IT WILL PROVIDE 7 TO 8 YEAR FINANCE PROVIDED EXIMBANK WILL "SUPPORT" THIS. EXIMBANK REPORTEDLY HAS ASKED LINKBELT FOR MORE PROJECT VIABILITY INFORMATION THAN GOP WILL PROVIDE OR LINKBELT'S FOREIGN COMPEITION CONSIDERS NECESSARY. END SUMMARY

1. FMC AGENT G. M. ADAMJEE AND SON ASHRAF ADAMJEE CALLED ON AMBASSADOR JANUARY 9 TO REPORT THAT LINKBELT DIVISION OF FMC HAS INSIDE TRACK TO LAND \$20 MILLION GOP CONTRACT FOR DOCKSIDE BULK HANDLING AND CONVEYOR BELT SYSTEM CONNECTING PORT QASIM WITH KARACHI STEEL MILL IF EXIMBANK CAN "SUPPORT" CHASE MANHATTAN LOAN FOR LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ISLAMA 00367 130654Z

THIS AMOUNT. THE SUPPORT AS DESCRIBED BY ADAMJEE

WOULD APPEAR TO BE EXIMBANK LOAN GUARANTEE. WITHOUT A FINANCING PACKAGE, ADAMJEE CLAIMS THAT LINKBELT'S EDGE OVER ITS FOREIGN COMPEITION (PRINCIPALLY FRENCH AND DUTCH) WILL VANISH.

2. REFTTEL AND PREVIOUS MESSAGES, INCLUDING KARACHI MEMCON MAY 23, 1975, GIVE HISTORY OF THIS BIG EXPORT OPPORTUNITY. IN BRIEF, GOP IS BUILDING A NEW PORT NEAR KARACHI CALLED PORT QASIM, IN LARGE PART TO CHANNEL IMPORTED IRON ORE AND COAL FOR THE LARGE KARACHI STEEL MILL BEING ERECTED BY THE SOVIETS ABOUT TWO MILES AWAY. LAST AUGUST, ABOUT EIGHT FOREIGN FIRMS SUBMITTED BIDS FOR THE BULK HANDLING AND CONVEYOR BELT SYSTEM AND ON NOVEMBER 15 THE BIDS WERE OPENED.

ACCORDING TO ADAMJEE, LINKBELT TURNED OUT TO HAVE SUBMITTED THE MOST ATTRACTIVE BID ON COMBINED TECHNICAL AND PRICE GROUNDS BUT MAY BE VULNERABLE ON FINANCING. AT PRESENT, THE COMPETITION HAS NARROWED DOWN TO THREE: PNKBELT; A FRENCH FIRM (WE DID NOT CATCH NAME); AND A DUTCH FIRM (CONRAD STORK). A CANADIAN CONSULTING FIRM (SWAN WOOSTER) HAS BEEN EVALUATING THE BIDS FOR THE GOP AND REPORTEDLY FAVORS LINKBELT ON TECHNICAL AND PRICE GROUNDS. THE CANADIAN REPORT WILL BE CONSIDERED BY A GOP COMMITTEE AT END THIS MONTH AND A CONTRACT IS TO BE SIGNED BY MID-MARCH.

4. THE FINANCING PROBLEM. ACCORDING TO ADAMJEE, THE FRENCH BIDDER IS OFFERING FINANCING ON A 50-50 COMMERCIAL/SOFT LOAN BASIS, THE COMMERCIAL INTEREST RATE BEING 1.8 PERCENT. THE SOFT LOAN IS APPARENTLY PART OF A FRENCH LINE OF CREDIT TO PAKISTAN WHICH THE GOP CAN USE FOR ANY OF A VARIETY OF PROJECTS. AS FOR THE DUTCH BID, ADAMJEE UNDERSTAND THEY ARE OFFERING 25-YEAR FINANCING, THIS ALSO BEING PART OF A LINE OF CREDIT TO THE GOP TO BE USED AS LATTER SEES FIT. NOTWITHSTANDING THE ABOVE LONG-TERM FINANCING, ADAMJEE IS OPTIMISTIC THAT LINKBELT CAN WIN THE TENDER IF SOME BANK CAN PROVIDE SEVEN TO EIGHT YEAR TERMS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ISLAMA 00367 130654Z

5. ACCORDING TO ADAMJEE, EXIM HAS TOLD LINKBELT THAT IT WILL CONSIDER SUPPORTING CHASE LOAN IF MORE DETAILED INFORMATION CAN BE SECURED FROM THE GOP ON THE VIABILITY OF THE PROJECT. ADAMJEE HAS ATTEMPTED TO OBTAIN THIS BUT WITHOUT SUCESS. THE GOP OFFICIALS CONCERNED ARE OVERWORKED, CLAIM NOT TO HAVE TIME TO PROVIDE MORE ANALYSIS THAN ALREADY SUPPLIED,AND POINT OUT THAT FOREIGN COMPETITION IS NOT REQUIRING THIS. UNDER CIRCUMSTANCES,

ADAMJEE CLAIMS HE IS AT A LOSS TO KNOW HOW TO PROCEED. HE SAID (AND EMBASSY CAN CONFIRM THIS) THAT THE CONSTRUCTION OF PORT QASIM AND THE STEEL MILL ARE PUBLIC SECTOR PROJECTS ENJOYING THE HIGHEST GOVERNMENT PRIORITY. HE SAID THAT THERE IS NO QUESTION BUT THE GOP IS GOING AHEAD WITH THE REGARDLESS OF ANY QUESTION OF OVERALL ECONOMIC VIABILITY.

6. EMBOFF ASKED ADAMJEE WHETHER LINKBELT HAD TALKED WITH ANY COMMERCIAL BANKS OTHER THAN CHASE, FOR EXAMPLE FNCB AND BANK OF AMERICA WHICH HAVE BRANCHES IN PAKISTAN AND EXPERIENCE IN LOANING TO GOP. ADAMJEE SAID HE DID NOT KNOW SINCE THE FINANCING ANGLE WAS BEING HANDLED BY LINKBELT AT THE US END.

7. EMBASSY COMMENT: WITH THE RECENT LOSS OF THE CHEMTEX/DUPONT BID FOR A \$20 MILLION PUBLIC SECTOR POLYESTER PLANT PROJECT, THE ABOVE PROJECT IS THE MOST PROMISING IMMEDIATE US INDUSTRIAL EXPORT OPPORTUNITY IN PAKISTAN ABOUT WHICH WE KNOW. WE HOPE EXIMBANK CAN TAKE A HARD LOOK AT IT TO SEE WHAT IT MIGHT DO TO HELP. EXIMBANK MAY WISH TO CHECK ITS COUNTERPART INSTITUTIONS IN THE NETHERLANDS AND FRANCE TO VERIFY THE ALLEGATIONS ABOUT LONG-TERM FINANCING FROM THOSE COUNTRIES. BYROADE

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 JAN 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** morefirh  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976ISLAMA00367  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760011-1024  
**From:** ISLAMABAD  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760167/aaaachdi.tel  
**Line Count:** 140  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 KARACHI 2362  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** morefirh  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 17 JUN 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <17 JUN 2004 by GarlanWA>; APPROVED <25 JUN 2004 by morefirh>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PRODUCT OPPORTUNITY: MATERIALS HANDLING EQUIPMENT FOR KARACHI STEEL MILL  
**TAGS:** BEXP, PK  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006